GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:745
ANSWERED ON:28.11.2005
FINANCIAL ASSISTANCE TO FPI
Appadurai Shri M.

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the efforts or measures taken or to be taken by the Government in fixing the rate of agricultural produce to further reduce the burden on persons engaged in Food Processing Industries (FPI); and

(b) the innovative measures taken including extending financial assistance to the FPI by the Government to modernize the same?

Answer

THE MINISTER OF STATE OF THEMINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a): Keeping in view the recommendations of the Commission for Agricultural Costs & Prices, views of State Governments and other relevant factors, Government announces each season Minimum Support Prices for major agricultural Commodities and organizes purchase operations through public and cooperative agencies. The policy for the agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production and to safeguard the interests of consumers by making available supplies at reasonable prices. The price policy also seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy.

(b): Modernization of food processing industries is an ongoing process. However, Government has implemented a scheme for technology upgradation/ establishment/ modernization of food processing industries. Under the scheme financial assistance @ 25% of the project cost in general areas and @ 33.33% in difficult areas subject to a maximum of Rs. 50 lakh and Rs. 75 lakh respectively is provided for modernization/ establishment of food processing industries. Recently in 2004-05 in order to give boost to growth of FPI sector, the Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables.